

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
	:	
vs.	:	
	:	
Interstate Power and Light Company	:	07-0209
	:	
	:	
Reconciliation of revenues collected under	:	
fuel adjustment charges with actual costs	:	
prudently incurred.	:	

ORDER COMMENCING FAC RECONCILIATION PROCEEDING

By the Commission:

Section 9-220 of the Public Utilities Act (the "Act") states that the Illinois Commerce Commission ("Commission") may authorize the increase or decrease in rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, changes in the cost of purchased power, or changes in the cost of purchased gas through the application of a fuel adjustment clause or a purchased gas adjustment clause.

Section 9-220 requires the Commission to initiate annual public hearings "to determine whether the clauses reflect actual costs of fuel, gas, power, or coal transportation purchased, to determine whether such purchases were prudent, and to reconcile any amounts collected with the actual costs of fuel, power, gas, or coal transportation prudently purchased. In each such proceeding, the burden of proof shall be upon the utility to establish the prudence of its cost of fuel, power, gas, or coal transportation purchases and costs."

Because of the recent sale of the retail electric operations of Interstate Power and Light Company ("Interstate") to Jo-Carroll Energy, Inc., effective February 6, 2007, it is appropriate to expedite the initiation of the next, and final, reconciliation proceeding for Interstate's fuel adjustment clause. This action is consistent with the Order in Docket No. 05-0835, approving the sale of Interstate's retail electric and natural gas operations, and, in particular, with finding (9) of that Order, which contemplates "expedited reconciliations of [Interstate's] PGA, FAC, and coal tar riders" as a condition of the relief granted in that case. The reconciliation period for this proceeding will be January 1, 2007, through February 6, 2007.

Interstate shall reconcile total revenue collected under the fuel adjustment charge ("FAC") with total cost of fuel, power, and coal transportation, if applicable, under Section 9-220 as amended by Public Act 90-561. The reconciliation balance shall be the difference between (1) costs as recorded in the books and records, and (2) applicable revenues. As Interstate has a base cost in its FAC, the revenues shall include those revenues from base rate charges that recover fuel, power, and transportation costs includible in the FAC. Interstate shall also demonstrate that its fuel, power, and coal transportation, if applicable, purchased during the reconciliation period were prudently purchased.

The reconciliation of the FAC shall reflect the following information in the format shown below:

1. Balance of Factor Ra at December 31, 2006, per 2006 Reconciliation;
2. Factor Ro Collected/(Refunded) During 2007;
3. Balance to be Collected/(Refunded) During 2007 from prior periods (Sum of Lines 1 and 2);
4. 2007 FAC Recoverable Costs;
5. 2007 FAC Revenues;
6. 2007 Base Fuel Cost (BFC) Revenues;
7. Under/(Over)-recovery for 2007 (Sum of Lines 4 to 6);
8. FAC Reconciliation Balance at February 6, 2007 (Line 3 + Line 7);
9. Balance of Factor Ra at February 6, 2007; and
10. Requested Ordered Reconciliation Factor (Factor Ro) (Line 8 - Line 9).

The revenue and cost data presented herein are to be audited by an independent auditor prior to submission, as required by 83 Ill. Adm. Code § 425.50(b). The audit report on reconciliation and its supporting working papers shall be made available to the Commission's staff for review.

An electronic copy of Interstate's testimony and exhibits shall be filed via e-Docket with the Chief Clerk's Office and four hard copies shall be mailed to the Manager of Accounting on or before July 3, 2007. Notice of the filing with the Commission shall be made by Interstate in accordance with the requirements of 83 Ill. Adm. Code Part 255, in the manner such rules prescribe that notice be made for a general rate increase. One copy of the filing shall be made available to persons seeking a copy upon request to the utility. Interstate shall be named Respondent.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that Interstate Power and Light Company is hereby named Respondent to this proceeding.

IT IS FURTHER ORDERED that Interstate is hereby directed to appear before the Commission on prehearing conference and hearing dates to be scheduled in this docket, and shall present evidence to show the reconciliation of FAC and BFC revenues with the actual cost of fuel, power, and eligible coal transportation obtained through purchases demonstrated by Interstate to be prudent, all as is more fully described above. In connection therewith, and prior thereto, Interstate shall file copies of its prepared testimony

and exhibits on the dates and in the manner described above in the prefatory portion of this Order, and shall provide notice thereof in the manner described above.

IT IS FURTHER ORDERED that Interstate provide to the Chief Clerk of the Commission, no more than seven business days after the date of this Order, a complete list of all municipalities within which Interstate provided service. Include all such municipalities irrespective of whether the municipality was itself a customer, and irrespective of whether all or merely a fraction of the residents and other entities within the municipality were customers of Interstate. The purpose of this ordering paragraph is to allow the Commission to fulfill the notice requirements of Section 10-108 of the Public Utilities Act.

IT IS FURTHER ORDERED that the Chief Clerk be, and is hereby, directed to serve a copy of this Order on the designated agent of Interstate.

IT IS FURTHER ORDERED that this order is not final; it is not subject to the Administrative Review Law.

By order of the Commission this 21st day of March, 2007.

(SIGNED) Charles E. Box

Chairman